

AR04



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**BEAVER LUMBER
C O M P A N Y L I M I T E D**

**INTERIM REPORT
TO SHAREHOLDERS**

For the Six Months ended
June 30, 1970

**To the Shareholders of
Beaver Lumber Company Limited**

We present interim consolidated statements of earnings and source and application of funds for the six months ended June 30, 1970 with comparative figures for the six months ended June 30, 1969.

Sales for the six months ended June 30, 1970 were 5% below the corresponding period a year ago. Net earnings for the first half of the year, \$876,293, declined 26.8% from the same period in 1969.

The high operating expense during the first quarter and the decrease in sales in the second quarter account for the lower net earnings for the year to date. The progress made in expense control during the second quarter contributed to a more favourable profit comparison than existed at the end of the first quarter, when net earnings were down by 38.6%.

All Divisions are experiencing the effects of the slow-down in our economy, but regular consumer sales have been maintained at a satisfactory level considering the sales shrinkage created by lower lumber and plywood prices prevailing this year as compared to a year ago. The major portion of the decline in sales is due to reduced volume of bulk sales.

Accounts receivable and inventories remain at levels below a year ago, resulting in improved turnover and reduced borrowing charges.

In the third quarter, we expect a modest decline in sales from the record level of 1969, but the resulting lower income will be partially offset by a further improvement in expense.

K. C. KENNEDY,
President

Winnipeg, August 11, 1970

**BEAVER LUMBER COMPANY LIMITED
AND SUBSIDIARY COMPANIES**
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited and subject to year-end adjustment)

CONSOLIDATED STATEMENT OF EARNINGS

	Second Quarter Three months ended June 30 1970	Year to Date Six months ended June 30 1970
Sales.....	\$19,951,891	\$32,703,348
Earnings before income taxes (Note 1).....	1,288,193	1,789,201
Income taxes.....	668,292	912,908
Net earnings for the period.....	\$ 619,901	\$ 876,293
Net earnings per common share.....	18.7¢	26¢
	23.6¢	36¢

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS:

Net earnings for the period.....	\$ 876,293	\$ 1,196,760
Depreciation and amortization.....	587,498	506,990
Disposal of fixed assets.....	1,463,791	1,703,750
Working capital of subsidiary company acquired—net.....	207,476	106,788
Issue of common shares (Note 2).....	40,578	—
Issue of debentures, net of discount.....	502	12,627
Special refundable tax.....	—	4,875,000
Decrease in investment in wholly-owned finance company.....	—	98,786
	—	48,634
	1,712,347	6,845,585

APPLICATION OF FUNDS:

Additions to fixed assets.....	970,142	879,645
Dividends.....	840,942	841,721
Increase in investment in wholly-owned finance company.....	437,544	—
Decrease in deferred income.....	127,741	—
Preferred shares purchased for cancellation.....	22,999	9,136
Miscellaneous.....	—	2,250
	2,399,368	1,732,752
Increase (Decrease) in working capital.....	(687,021)	5,112,833
Working capital at beginning of the period.....	23,289,918	17,091,042
Working capital at end of the period.....	\$22,602,897	\$22,203,875

Note 1—Based on estimated inventories.

Note 2—Options exercised under Employee Stock Option Plan: 1970—36 shares; 1969—868 shares.